



**ANNUAL STATEMENT**  
**For the Year Ending December 31, 2007**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**DaVita VillageHealth of Michigan, Inc.**

NAIC Group Code	4422 (Current Period)	4422 (Prior Period)	NAIC Company Code	12979	Employer's ID Number	20-8077290
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	12/18/2006		Commenced Business	07/12/2007		
Statutory Home Office	7960 W. Grand River Road, Suite 200 (Street and Number)		Brighton, MI 48114 (City or Town, State and Zip Code)			
Main Administrative Office	7960 W. Grand River Road, Suite 200 (Street and Number)		Brighton, MI 48114 (City or Town, State and Zip Code)			
Mail Address	PO Box 2076 (Street and Number or P.O. Box)		Tacoma, WA 98401-2076 (City or Town, State and Zip Code)			
Primary Location of Books and Records	7960 W. Grand River Road, Suite 200 (Street and Number)		Brighton, MI 48114 (City or Town, State and Zip Code)			
Internet Website Address	www. villagehealth.com		(253)382-1794 (Area Code) (Telephone Number)			
Statutory Statement Contact	Leslie Rice (Name)		(253)382-1818 (Area Code)(Telephone Number)(Extension)			
	leslie.rice@villagehealth.com (E-Mail Address)		(253)779-0486 (Fax Number)			

**OFFICERS**

Name	Title	
Andrew Patrick Hayek	President	#
Joseph Thomas Schohl	Secretary	#
Jess Ingrahm Parks	Treasurer	#
Steve Irving Grieger	Assistant Treasurer	#
Corinna Bernice Polk	Assistant Secretary	#
Allen Richard Nissenson	Chief Medical Officer	#

**OTHERS**

**DIRECTORS OR TRUSTEES**

Andrew Patrick Hayek #	Jess Ingrahm Parks #
Tom Orville Usilton, Jr. #	Robert Provenzano, MD #

State of \_\_\_\_\_  
County of \_\_\_\_\_ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Andrew Patrick Hayek	Joseph Thomas Schohl	Jess Ingrahm Parks
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2008	a. Is this an original filing?	Yes[X] No[ ]
	b. If no,	1. State the amendment number
		2. Date filed
		3. Number of pages attached

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....				
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....1,558,595 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....1,000,534 Schedule DA) .....	2,559,129		2,559,129	
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	2,559,129		2,559,129	
11.	Title plants less \$.....0 charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	24,894		24,894	
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection .....				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....				
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....				
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....				
22.	Health care (\$.....0) and other amounts receivable .....				
23.	Aggregate write-ins for other than invested assets .....				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	2,584,023		2,584,023	
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	2,584,023		2,584,023	
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	.....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....				
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....				
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	32,249		32,249	
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured plans .....				
21.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
22.	Total liabilities (Lines 1 to 21) .....	32,249		32,249	
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	10	
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	2,501,323	
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	50,441	
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	2,551,774	
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	2,584,023	
DETAILS OF WRITE-INS					
2101.	.....				
2102.	.....				
2103.	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....		
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....		
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....		
Hospital and Medical:				
9.	Hospital/medical benefits .....			
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....			
13.	Prescription drugs .....			
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....			
Less:				
17.	Net reinsurance recoveries .....			
18.	Total hospital and medical (Lines 16 minus 17) .....			
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....			
21.	General administrative expenses .....			
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....			
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....		
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		82,690	
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27.	Net investment gains (losses) (Lines 25 plus 26) .....		82,690	
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	82,690	
31.	Federal and foreign income taxes incurred .....	X X X .....	32,249	
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	50,441	
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	1,501,534	
34.	Net income or (loss) from Line 32 .....	50,441	
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....		
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	999,800	
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	1,050,241	
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	2,551,774	
DETAILS OF WRITE-INS			
4701.	.....		
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....		
2.	Net investment income .....	57,796	
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	57,796	
5.	Benefit and loss related payments .....		
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....		
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....		
11.	Net cash from operations (Line 4 minus 10) .....	57,796	
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....		
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	999,800	
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	999,800	
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	1,057,596	
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	1,501,534	
19.2	End of year (Line 18 plus Line 19.1) .....	2,559,130	

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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7	Analysis of Operations .....	NONE
8	Underwriting Invest Exh Pt 1 - Premiums .....	NONE
9	Underwriting Invest Exh Pt 2 - Claims Incurred .....	NONE
10	Underwriting Invest Exh Pt 2A - Claims Liab. ....	NONE
11	Underwriting Invest Exh Pt 2B - Claims UnPaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Total .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Total .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Total .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical ...	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical ...	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical ...	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement ...	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement ...	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement ..	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid .....	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other .....	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other .....	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other .....	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve .....	NONE
14	Underwriting Invest Exh Pt 3 - Expenses .....	NONE

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....	
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash, cash equivalents and short-term investments .....	(e)..... 57,796	82,690
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	57,796	82,690
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		
17.	Net Investment income (Line 10 minus Line 16) .....		82,690
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....521 amortization of premium and less \$.....279 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....					
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....					
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash, cash equivalents and short-term investments .....					
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses) .....					
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....



16	Exhibit of Nonadmitted Assets .....	NONE
17	Exhibit 1 - Enrollment By Product Type .....	NONE
18	Exhibit 2 - Accident and Health Premiums .....	NONE
19	Exhibit 3 - Health Care Receivables .....	NONE
20	Exhibit 4 - Claims Unpaid .....	NONE
21	Exhibit 5 - Amounts Due From Parent .....	NONE
22	Exhibit 6 - Amounts Due to Parent .....	NONE
23	Exhibit 7 - Pt1 - Summary Trans. With Prov .....	NONE
23	Exhibit 7 - Pt 2 - Summary Trans. With Interm .....	NONE
24	Exhibit 8 - Furniture and Equipment Owned .....	NONE

Notes to Financial Statement

1. Summary of Significant Accounting Policies

a. Accounting Practices

The accompanying financial statements of DaVita VillageHealth of Michigan, Inc. (the Company) have been prepared in conformity with accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial conditions and results of operation of an insurance company for determining its solvency under Michigan Insurance law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	2007	2006
(1) Net Income Michigan state basis	\$50,441	
(2) State Prescribed Practices (Income):		
(3) State Permitted Practices (Income):		
(4) Net Income, NAIC SAP	\$50,441	
(5) Statutory Surplus Michigan basis	\$2,551,774	
(6) State Prescribed Practices (Surplus):		
(7) State Permitted Practices (Surplus):		
(8) Statutory Surplus, NAIC SAP	\$2,551,774	

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policy

- (1) Cash and short-term investments include cash and US government and agency obligations with original dates of maturity of twelve months or less when purchased. Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) The Company had no common stock.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans.
- (6) The Company had no loan-backed securities.
- (7) The Company had no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company had no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company had no derivatives.

## Notes to Financial Statement

(10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumption and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company's capitalization policy has not changed.

(13) The Company had no pharmaceutical rebates receivable.

### 2. Accounting Changes and Corrections of Errors

The Company has no material changes in accounting principles and/or correction of errors.

### 3. Business Combinations and Goodwill

a. Statutory Purchase Method – None.

b. Statutory Merger – None.

c. Assumption Reinsurance – None.

d. Impairment Loss – None.

### 4. Discontinued Operations

None.

### 5. Investments

a. Mortgage Loans – None.

b. Debt Restructuring – None.

c. Reverse Mortgages – None.

d. Loan-Backed Securities – None.

e. Repurchase Agreements – None.

f. Real Estate – None.

g. Low-income housing tax credits (LIHTC) - None

### 6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

### 7. Investment Income

The Company had no accrued income excluded from surplus.

### 8. Derivative Instruments

None.

Notes to Financial Statement

9. Income Taxes

The Company recognizes a deferred tax asset or liability for the expected future tax effects attributable to the temporary difference between the tax and financial statement bases of assets and liabilities. Deferred tax assets and liabilities are adjusted to reflect changes in tax rates or other provisions of the tax law in the period in which such changes are enacted. Deferred tax assets are recognized unless it is more likely than not, that some portion or all of the deferred tax assets will not be recovered.

- a. The Company had no net deferred tax asset/(liability) at December 31, 2007.
- b. The Company has properly recognized all deferred tax liabilities amounts as described in SSAP No. 10.
- c. Current income taxes incurred at December 31, 2007 consist of the following major components:

	2007	2006
Current Year Expense	\$ 32,249	
Deferred		
Total Provision (Benefit)	\$ 32,249	

- d. The Company had no significant book to tax adjustments.
- e. At December 31, 2007, the Company had no operating loss carry forwards.
- f. The Company's initial federal income tax return will be consolidated with DaVita, Inc. (DaVita) and its subsidiaries. The method of allocation between the companies is subject to written agreement, approved by the Board of Directors and subject to the prior approval of the Michigan Office of Financial and Insurance Services. Allocation will be based upon separate return calculations with current credit for net losses if realized on a consolidated basis.

10. Information Concerning Parent, Subsidiaries and Affiliates

- a, b, c & d Under the terms of the Plan's Certificate of Authority, DaVita has guaranteed to maintain statutory net worth requirements of the Company. During 2006 and 2007 DaVita paid \$1,501,534 and \$999,800 in contributed capital to the Company. During the third quarter of 2007, DaVita signed a guaranty to maintain statutory net worth requirements of the Company.

The Company reports no amounts due from parent or affiliates.

- e. There are no guarantees or undertakings for the benefit of any affiliate or related party.
- f. The Company does not have any management or service agreements in place.
- g. All outstanding shares of the Company are owned by the parent company, DaVita VillageHealth, Inc., an insurance holding company incorporated in the State of Delaware. All outstanding shares of DaVita VillageHealth are owned by DaVita, a public corporation incorporated in the State of Delaware.
- h. The Company does not have any ownership in its Parent Company.
- i. The Company does not have any ownership in any SCA Companies.
- j. The Company does not have any ownership in any SCA Companies.
- k. The Company does not have any ownership in any foreign SCA Companies.
- l. The Company does not have any ownership in any downstream noninsurance holding company.

## Notes to Financial Statement

### 11. Debt

None.

### 12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.

- a. Defined Benefit Plan – None.
- b. Deferred Compensation Plan – None.
- c. Multi-Employer Plan – None.
- d. Consolidated/Holding Company Plans – None.
- e. Post-Employment Benefits and Compensated Absences – None.
- f. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - None

### 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 1,000 shares of common stock authorized, issued and outstanding at a par value of \$10.
- (2) The Company has no preferred stock outstanding.
- (3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the Michigan Office of Financial and Insurance Services, as long as the Company meets or exceeds minimum surplus requirements. During 2007, the Company paid no dividends.
- (4) Within the limitations of (3) above, there are not restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (6) The Company has no advances to surplus not repaid.
- (7) The Company held no stock.
- (8) There were no changes to the balances of any special surplus funds from the prior year.
- (9) The Company did not have any surplus funds represented that were reduced.
- (10) The Company did not issue any surplus debentures or similar obligations.
- (11) and (12) There have been no quasi-reorganizations.
- (13) Dividends Paid – None.

### 14. Contingencies

- a. Contingent Commitments – None.
- b. Assessments – None.
- c. Gain Contingencies – None.

## Notes to Financial Statement

d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – None

e. All Other Contingencies – None.

### 15. Leases

None.

### 16. Information about Financial Instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

None.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

a. Transfers of Receivables reported as Sales – None

b. Transfer and Servicing of Financial Assets – None

c. Wash Sales – None

### 18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

a. ASO Plans – None.

b. ASC Plans – None.

c. Medicare or Similarly Structured Cost Based Reimbursement Contract - None

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

None.

### 20. Other Items

a. Extraordinary Items – None

b. Troubled Debt Restructuring – None

c. Other Disclosures - None

d. There are no balances of assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

e. Business Interruption Insurance Recoveries - None.

f. State Transferable Tax Credits - None.

g. Deposits admitted under Section 6603 of the Internal Revenue Service Code - None

h. Hybrid Securities - None.

i. Subprime Related Risk Exposure – None.

Notes to Financial Statement

21. Events Subsequent

There were no events occurring subsequent to the close of the books or accounts for this statement, which may have a material effect on the financial condition of the Company.

22. Reinsurance

a. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No ( x )

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No ( x )

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No ( x )

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No ( x )

Section 3 – Ceded Reinsurance Report – Part B – Not applicable.

b. Uncollectible Reinsurance – None

c. Commutation of Ceded Reinsurance - None

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None.

24. Change in Incurred Claims and Claims Adjustment Expenses.

None.

25. Intercompany Pooling Arrangements

None.

**Notes to Financial Statement**

**26. Structured Settlements**

None.

**27. Health Care Receivables**

None.

**28. Participating Policies**

None.

**29. Premium Deficiency Reserves**

None.

**30. Anticipated Salvage and Subrogation**

None.



SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....				
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA .....				
1.512	Issued or Guaranteed by FNMA and FHLMC .....				
1.513	All other .....				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....				
1.523	All other .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (including \$.....0 of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (including \$.....0 property acquired in satisfaction of debt) .....				
6.	Contract loans .....				
7.	Receivables for securities .....				
8.	Cash, cash equivalents and short-term investments .....	2,559,129	100.000	2,559,129	100.000
9.	Other invested assets .....				
10.	Total invested assets .....	2,559,129	100.000	2,559,129	100.000

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Moss Adams, LLP, 1301 A Street #600, Tacoma, WA 98402
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Arthur L. Baldwin III, FSA, MAAA of Milliman, Inc., 1301 Fifth Ave., Suite 3800, Seattle, WA 98101-2605
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]

GENERAL INTERROGATORIES (Continued)

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
c. Compliance with applicable governmental laws, rules and regulations;  
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- Yes[ ] No[X]

Yes[ ] No[X]

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[ ]

Yes[X] No[ ]

Yes[X] No[ ]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

18.12 To stockholders not officers

18.13 Trustees, supreme or grand (Fraternal only)

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

18.22 To stockholders not officers

18.23 Trustees, supreme or grand (Fraternal only)

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

19.22 Borrowed from others

19.23 Leased from others

19.24 Other

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

20.22 Amount paid as expenses

20.23 Other amounts paid

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes[ ] No[X]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

Yes[ ] No[X]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

Yes[ ] No[X]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

Yes[ ] No[X]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 1,000,534

\$ ..... 0

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date?

22.2 If no, give full and complete information, relating thereto:

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1).

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

23.22 Subject to repurchase agreements

23.23 Subject to reverse repurchase agreements

23.24 Subject to dollar repurchase agreements

23.25 Subject to reverse dollar repurchase agreements

23.26 Pledged as collateral

23.27 Placed under option agreements

23.28 Letter stock or securities restricted as to sale

23.29 On deposit with state or other regulatory body

23.291 Other

23.3 For category (23.28) provide the following:
- Yes[X] No[ ]

Yes[X] No[ ]
- \$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 1,000,534

\$ ..... 0

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

25.2 If yes, state the amount thereof at December 31 of the current year.

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]

Yes[ ] No[X]

\$ ..... 0

Yes[ ] No[X]

GENERAL INTERROGATORIES (Continued)

1 Name of Custodian(s)	2 Custodian's Address

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Mi Department of Treasury .....	JPMorgan Chase .....	Deposit with State of Michigan .....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes[ ] No[X]  
26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[ ] No[X]  
27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total .....		

27.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation

28. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	1,000,534	1,001,055	521
28.2 Preferred stocks .....			
28.3 Totals .....	1,000,534	1,001,055	521

28.4 Describe the sources of methods utilized in determining the fair values  
Custodian's Investment Statements  
29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]  
29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0  
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1	2
Name	Amount Paid
.....	.....

31.1 Amount of payments for legal expenses, if any?

31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....



FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	2,584,023				
2. Total liabilities (Page 3, Line 22) .....	32,249				
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 31) .....	2,551,774				
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8) .....					
6. Total medical and hospital expenses (Line 18) .....					
7. Claims adjustment expenses (Line 20) .....					
8. Total administrative expenses (Line 21) .....					
9. Net underwriting gain (loss) (Line 24) .....					
10. Net investment gain (loss) (Line 27) .....	82,690				
11. Total other income (Lines 28 plus 29) .....					
12. Net income or (loss) (Line 32) .....	50,441				
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	57,796				
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital .....	2,551,774				
15. Authorized control level risk-based capital .....	7,344				
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....					
17. Total members months (Column 6, Line 7) .....					
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....					
20. Cost containment expenses .....					X X X
21. Other claims adjustment expenses .....					
22. Total underwriting deductions (Line 23) .....					
23. Total underwriting gain (loss) (Line 24) .....					
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5) .....					
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....					
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 7) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....					

31     **Schedule A - Verification** ..... **NONE**

31     **Schedule B - Verification** ..... **NONE**

31     **Schedule BA - Verification** ..... **NONE**

32     **Schedule D - Summary by Country** ..... **NONE**

32     **Schedule D - Verification** ..... **NONE**

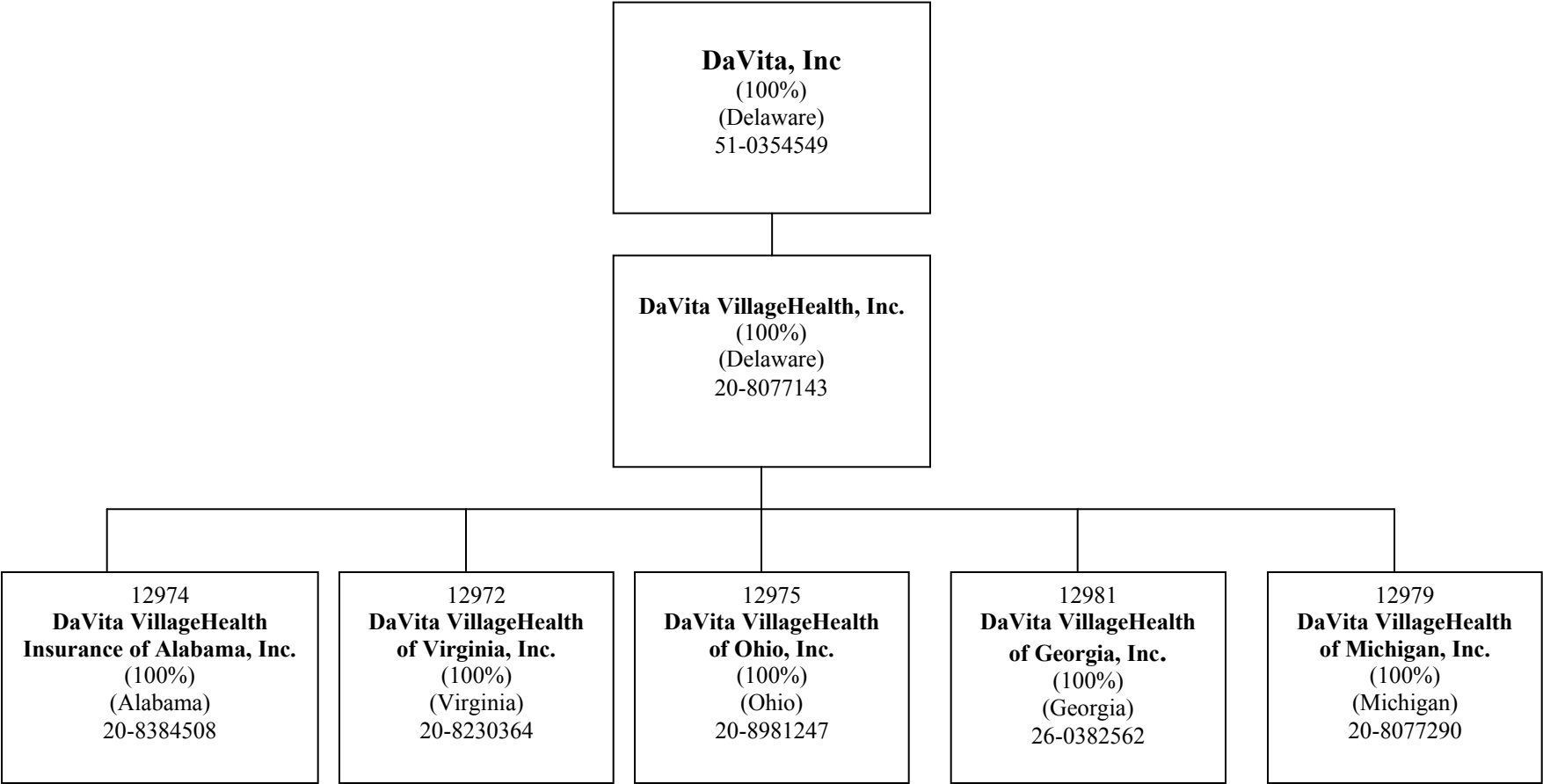


SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1  Is Insurer Licensed (Yes or No)	Direct Business Only							
			2  Accident & Health Premiums	3  Medicare Title XVIII	4  Medicaid Title XIX	5  Federal Employees Health Benefits Program Premiums	6  Life & Annuity Premiums & Other Considerations	7  Property/ Casualty Premiums	8  Total Columns 2 Through 7	9  Deposit - Type Contracts
State, Etc.										
1. Alabama (AL)		No								
2. Alaska (AK)		No								
3. Arizona (AZ)		No								
4. Arkansas (AR)		No								
5. California (CA)		No								
6. Colorado (CO)		No								
7. Connecticut (CT)		No								
8. Delaware (DE)		No								
9. District of Columbia (DC)		No								
10. Florida (FL)		No								
11. Georgia (GA)		No								
12. Hawaii (HI)		No								
13. Idaho (ID)		No								
14. Illinois (IL)		No								
15. Indiana (IN)		No								
16. Iowa (IA)		No								
17. Kansas (KS)		No								
18. Kentucky (KY)		No								
19. Louisiana (LA)		No								
20. Maine (ME)		No								
21. Maryland (MD)		No								
22. Massachusetts (MA)		No								
23. Michigan (MI)		Yes								
24. Minnesota (MN)		No								
25. Mississippi (MS)		No								
26. Missouri (MO)		No								
27. Montana (MT)		No								
28. Nebraska (NE)		No								
29. Nevada (NV)		No								
30. New Hampshire (NH)		No								
31. New Jersey (NJ)		No								
32. New Mexico (NM)		No								
33. New York (NY)		No								
34. North Carolina (NC)		No								
35. North Dakota (ND)		No								
36. Ohio (OH)		No								
37. Oklahoma (OK)		No								
38. Oregon (OR)		No								
39. Pennsylvania (PA)		No								
40. Rhode Island (RI)		No								
41. South Carolina (SC)		No								
42. South Dakota (SD)		No								
43. Tennessee (TN)		No								
44. Texas (TX)		No								
45. Utah (UT)		No								
46. Vermont (VT)		No								
47. Virginia (VA)		No								
48. Washington (WA)		No								
49. West Virginia (WV)		No								
50. Wisconsin (WI)		No								
51. Wyoming (WY)		No								
52. American Samoa (AS)		No								
53. Guam (GU)		No								
54. Puerto Rico (PR)		No								
55. U.S. Virgin Islands (VI)		No								
56. Northern Marianas Islands (MP)		No								
57. Canada (CN)		No								
58. Aggregate other alien (OT)		X X X								
59. Subtotal		X X X								
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. TOTAL (Direct Business)		(a).... 1								
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)		X X X								

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



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